

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applic. No. : 10/821,610 Confirmation No. 1547  
Applicant : Carlos Lozano  
Filed : April 9, 2004  
Title : Personalized Financial Debit-Credit Method  
and System  
Group Art Unit : 3692  
Examiner : Shahid R. Merchant  
  
Docket No. : F-8678  
Customer No. : 24131

**REPLY BRIEF**

**Mail Stop Appeal Brief - Patents**

Hon. Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

S i r :

This is a *Reply Brief* responding to the *Examiner's Answer*  
mailed March 31, 2009.

**Arguments:**

Please consider the present Reply Brief in combination with the Appeal Briefs filed by Appellant in connection with present Appeal. Appellant comments as follows with respect to the Examiner's Answer dated March 31, 2009 (the "Examiner's Answer"):

In item (5) of the Examiner's Answer, it was alleged that the summary of the claimed subject matter contained in the Brief was deficient because it allegedly cited pages and line numbers for claims 2 and 15 that did not support the limitations being referenced. Appellant respectfully disagrees.

In particular, page 3 of the Examiner's Answer alleged, in part:

The brief is deficient because Appellant cites pages and line numbers for claims 2 and 15 that did not support the limitations being referenced. Specifically, Appellant cites support for steps "a" and "d" in claim 2 on page 4, lines 2-7 and 12 and page 6, line 7 of the original disclosure. However, after reviewing these cited passages in the original disclosure for support for step "a", Examiner could not find any relevant support for step "a" of claim 2. The cited passages discuss electronic card authorizations being introduced in the 1970's and electronic dial up terminals shortening approval process to 1-2 minutes. It is unclear how these passages are related to "in a system including a device for performing electronic transactions" and "an electronic transaction reflecting." The same argument holds true for claim 15, steps "a" and "d". Appellant further cites page 8, lines 10 - 15 of the original

disclosure for the support of step "a" in claim 15. Examiner could not find any relevant support for step "a" of claim 15 on page 8, lines 10-15. The cited passage discusses how the financial card disclosed in the invention would allow the consumer to take advantage of the benefits of credit and debit cards. It is unclear how these passages are related to "in a system including a device for performing electronic transactions." Also, Appellant cites page 1, lines 3-6, page 6, lines 11-18 and page 11, lines 7-11 for support of step "d" of claim 15. As before, the cited passages do not lend support to the limitation "an electronic transaction reflecting". [emphasis in the original]

Appellant respectfully disagrees with the allegation that the steps a and d of Appellant's claims 2 and 15 are not supported by the specification of the originally filed application.

In particular, M.P.E.P. § 2163 puts forward guidelines for the examination of the "written description" of patent applications under 35 U.S.C. § 112, first paragraph. M.P.E.P. § 2163.07(a) states:

**2163.07(a) Inherent Function, Theory, or Advantage**

By disclosing in a patent application a device that inherently performs a function or has a property, operates according to a theory or has an advantage, a patent application necessarily discloses that function, theory or advantage, even though it says nothing explicit concerning it. The application may later be amended to recite the function, theory or advantage without introducing prohibited new matter. *In re Reynolds*, 443 F.2d 384, 170 USPQ 94 (CCPA 1971); *In re Smythe*, 480 F. 2d 1376, 178 USPQ 279 (CCPA 1973). "To establish inherency, the extrinsic evidence must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill. Inherency, however, may not

be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient.'" *In re Robertson*, 169 F.3d 743, 745, 49 USPQ2d 1949, 1950-51 (Fed. Cir. 1999) (citations omitted). [emphasis added by Appellant]

Thus, M.P.E.P. § 2163.07(a) states that by disclosing in a patent application a device that inherently performs a function, the patent application necessarily discloses that function, even though it says nothing explicit concerning it. M.P.E.P. § 2163.07(a) additionally states that, to establish inherency, the extrinsic evidence "must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill."

Appellant's originally filed specification clearly provides a teaching to a person of ordinary skill in this art that supports the limitations of claims 2 and 15 of the instant application. Further, Appellant has highlighted this teaching in the Summary of the Claimed Invention that was objected to in the Examiner's Reply. In particular, with regard to section (a) of claim 2, Appellant's Summary of the Claimed Invention pointed to the support in the originally filed specification, as follows.

(a) in a system including a device for performing electronic transactions [page 4 of the OFA, lines 2 - 7; page 4 of the OFA, line 12 "online"; page 6, line 7

**"Internet shopping"]**, establishing a stored credit on behalf of a consumer, corresponding to an amount advanced by the consumer [page 10 of the OFA, lines 3 - 5; page 9 of the OFA, lines 2 - 5] [12 of the Figure];

Thus, Appellant's claim 2 recited "in a system including a device for performing electronic transactions" and alleged that page 4 of the originally filed application, lines 2 - 7 and 12, and page 6 of the originally filed application, line 7 supported the disclosure of a system including a device for performing electronic transactions. Page 4 of Appellant's originally filed application ("OFA"), lines 2 - 7, stated:

Electronic card authorizations were introduced in the 1970s, allowing retailers to get approval for transactions 24 hours a day. And by the late 1970s, magnetic strips on the back of cards, along with electronic dial up terminals shortened the transaction approval process to only 1-2 minutes. Now card authorizations can be almost instantaneous, allowing even greater convenience for both the retailer and the customer. [emphasis added by Appellant]

Page 4 of Appellant's OFA, lines 9 - 12, state:

Today, more than 84 million US households hold at least one credit card, with credit card spending levels reaching over \$1 trillion dollars each year. Consumers can find a credit card to meet virtually any financial need, special interest, or credit background, and credit cards are now accepted by millions of retailers, whether one shops with traditional merchants, by phone, mail, fax or online. [emphasis added by Appellant]

Further, page 6 of Appellant's OFA, lines 4 - 8, state:

Key drivers of debt expansion in recent years include unusually low interest rates; the hot housing market, which has encouraged buyers to stretch for new homes; the aggressive extension of credit to consumers with weak credit scores; and the rising popularity of Internet shopping, in which credit cards are the currency of choice. [emphasis added by Appellant]

Thus Appellant's originally filed specification listed clear advantages of the credit and debit cards of today as being:

(1) electronic dial up terminals shortening the transaction approval process to 1-2 minutes [page 4 of the OFA, first paragraph] providing greater convenience for the retailer and the consumer; (2) Credit cards being accepted by millions of retailers, whether one shops with traditional merchants, by phone, mail, fax or online [page 4 of the OFA, second paragraph]; and (3) the rising popularity of Internet shopping, in which credit cards are the currency of choice [page 6 of the OFA, first full paragraph]. Following Appellant's disclosure of these advantageous benefits of credit and debit cards, page 6 of the OFA, lines 11 - 15, state:

The general idea behind this patent application is to make available to a specific group of consumers a financial credit card that provides the services that existing debit and credit cards offer today; with the exception that instead of paying interests and fees to credit lenders, the consumer can opt to pay himself or herself for the use of his or her own funds. [emphasis added by Appellant]

Thus, after listing the advantages of credit and debit card transactions, **resulting from their use of electronic dial-up terminals and online/Internet shopping transactions**, the instant application states that "the general idea behind this patent application" is to provide **"a financial credit card that provides the services that existing debit and credit cards offer today"**. Thus, under M.P.E.P. § 2163.07(a), a person of ordinary skill in the art, reading the specification's description of the disclosed advantages of existing debit and credit card systems (i.e., convenience resulting from authorizations performed by **electronic dial up terminals and online/Internet transactions**), can only conclude, that "a financial credit card that provides the services that existing debit and credit cards offer today", would be provided in the existing debit/credit card system which has explicitly been disclosed as having electronic dial-up terminals and online/Internet transactions. As stated above, M.P.E.P. § 2163.07(a) states, in part:

**2163.07(a) Inherent Function, Theory, or Advantage**

**By disclosing in a patent application a device that inherently performs a function or has a property, operates according to a theory or has an advantage, a patent application necessarily discloses that function, theory or advantage, even though it says nothing explicit concerning it.**

Thus, under M.P.E.P. § 2163.07(a), by explicitly disclosing that the existing credit and debit card system performs

electronic transactions online, over the Internet and using electronic dial up terminals, Appellant's system "that provides the services that existing debit and credit cards offer today" is inherently understood by a person of ordinary skill in the art to include these same features. Thus, using M.P.E.P. § 2163.07(a) as an examination guideline, it can be seen that the limitations of Appellant's claim 2, section a, of "in a system including a device for performing electronic transactions", is completely supported by the specification of the instant application, under 35 U.S.C. § 112, first paragraph, and would be so understood by a person of ordinary skill in this art.

For the foregoing reasons, among others, Appellant's claim 2, section (a) is supported by the specification of the instant application, as set forth in the Summary of the claimed invention.

Similarly, Appellant's claim 2, section (d) was alleged to be supported by the originally filed specification, as follows:

(d) causing a first amount to be debited from the stored credit, as a result of an electronic transaction reflecting a financial transaction using the financial card [page 4 of the OFA, lines 2 - 7], resulting in a remaining credit [page 1 of the OFA, lines 3 - 6; page 6 of the OFA, lines 11 - 18; page 11 of the OFA, lines 7 - 11] [17 of the Figure];



Thus, the "electronic transaction" reflecting a financial transaction using the financial card would be understood by a person of ordinary skill in this art from Appellant's disclosure of the convenience provided by electronic authorization transactions (page 4 of the OFA, lines 2 - 7), as applied to the system of the instant invention "that provides the services that existing debit and credit cards offer today", as specifically taught by Appellant on page 6 of the OFA, lines 11 - 15.

Additionally, with regard to section (a) of claim 15, Appellant's Summary of the Claimed Invention pointed to the support in the originally filed specification, as follows.

(a) establishing a stored credit in a financial institution on behalf of a consumer, corresponding to an amount advanced by the consumer [page 10 of the OFA, lines 3 - 5; page 9 of the OFA, lines 2 - 5] [12 of the Figure], the financial institution including a device for performing electronic transactions [page 4 of the OFA, lines 2 - 7; page 8 of the OFA, lines 10 - 15];

The Examiner's Answer challenges the support in the specification of the instant application for the limitation of claim 15 reciting "the financial institution including a device for performing electronic transactions". As a general note, it is impossible that a person of ordinary skill in this art, or in any other, would not understand that a financial institution includes "a device for performing electronic

transactions". The financial world would simply come to an end if this alleged premise were not, in fact, accepted common knowledge. Appellant takes note of the general panic caused by the year 2K computer issue, wherein it was believed that the financial world would be literally stopped by computer failures at 12:01 am on January 1, 2000. Items of common knowledge and general understanding to a person of skill in the art need not be explicitly disclosed to provide support, and the use of devices for performing electronic transactions at financial institutions is just such common knowledge and general understanding in the art. The recitation of "a financial institution" in the specification would automatically denote, to a person of skill in this art, an institution utilizing devices for performing electronic transactions, as currently claimed. However, Appellant need not rely on this "common knowledge" for support. Rather, as pointed out in the Summary of the Claimed Invention, Appellant's specification, as originally filed, explicitly disclosed a financial institution including a device for performing an electronic transaction. As stated above, in connection with paragraph (a) of claim 2, page 4 of Appellant's originally filed application ("OFA"), lines 2 - 7, stated:

**Electronic card authorizations were introduced in the 1970s, allowing retailers to get approval for transactions 24 hours a day.** And by the late 1970s,

magnetic strips on the back of cards, along with electronic dial up terminals shortened the transaction approval process to only 1-2 minutes. Now card authorizations can be almost instantaneous, allowing even greater convenience for both the retailer and the customer. [emphasis added by Appellant]

This disclosure of "[e]lectronic card authorizations . . . allowing retailers to get approval for transactions 24 hours a day", would clearly be understood by a person of ordinary skill in the art to disclose an electronic transaction with a financial institution, and in particular, with the financial institution backing the credit/debit card **from whom the retailer must get approval to ensure the transaction is honored**. This cannot be read any other way. In order for the retailer to perform an electronic card authorization "to get approval" that, electronic authorization must be conducted with a financial institution affiliated with the card making the purchase and, thus, with a device for performing an electronic transaction at the financial institution.

As such, Appellant's specification explicitly supports the financial institution including a device for performing an electronic transaction, as required by paragraph (a) of Appellant's claim 15.

Similarly, the Summary of the Claimed Invention provided support for paragraph (d) of Appellant's claim 15, as follows:

(d) debiting a first amount from the stored credit as the result of an electronic transaction reflecting a financial transaction using the financial card, resulting in a remaining credit [page 1 of the OFA, lines 3 - 6; page 6 of the OFA, lines 11 - 18; page 11 of the OFA, lines 7 - 11] [17 of the Figure];

This limitation is supported, as discussed above, and also, by the originally filed Abstract of the Disclosure, appearing on page 11 of the originally filed applications, which stated:

**This patent application makes available to a specific group of consumers a financial card that provides the services that existing debit and credit cards offer today; with the exception that instead of paying interests and fees to credit lenders, the consumer who uses this card agrees to pay himself or herself for the use of his or her own funds. In other words, with this service, a consumer who has savings in a bank account (in this case a credit line) and elects this service, can make debit transactions against his or her own account and repay himself or herself for the use of the funds, plus finance charges (interests) if payments are late.** Thus it gives the consumer the option to increase wealth and at the same time keep from going into more debt. The services offered by this financial card also include a safe alternative to cash; a means of building credit history; an option when having to bail out of emergencies; a flexible alternative when cash or checks are not accepted; savings from having to stock up on traveler's checks or cash when one travels; implicit guarantee of satisfaction because as a consumer one can stop payment, etc. [emphasis added by Applicants]

Thus, the lines pointed to in the Summary of the Claimed Invention, (page 11 of the OFA, lines 7 - 11), do, in fact, support paragraph (d) of claim 15. The cited portion of the Abstract states, among other things, that a person with a savings account in a bank can use the card of the instant

invention to make debits against that account. As has been thoroughly discussed above, a person of skill in this art, reading the instant application, would be taught that this transaction (i.e., the debiting from the savings account of a bank) would be performed as a result of the electronic transaction performed between the retailer and the financial institution, i.e., the electronic authorization, disclosed on page 4 of the instant application, lines 2 - 7.

Thus, a person of ordinary skill in this art would understand from a reading of the application, as originally filed, that transactions made with the financial card of the instant application would be shown as electronic transactions reflecting the financial transaction, in the same manner as "the services that existing debit and credit cards offer today". M.P.E.P. § 2163(I) states, in part:

To satisfy the written description requirement, a patent specification must describe the claimed invention in sufficient detail that one skilled in the art can reasonably conclude that the inventor had possession of the claimed invention. [emphasis added by Appellant]

Thus, M.P.E.P. § 2163 states that a patent specification must describe the claimed invention in sufficient detail that one skilled in the art can reasonably conclude that the inventor had possession of the claimed invention. As discussed above, a person skilled in the art can reasonably conclude that the

portions of the specification cited in Appellant's Summary of the Claimed Invention in connection with paragraphs (a) and (d) of claims 2 and 15 show that Appellant had possession of the claimed invention at the time the application was filed, and thus, the cited portions support those limitations of claims 2 and 15 pointed to in the Examiner's Answer.

For the foregoing reasons, among others, Appellant's Summary of the Claimed Invention section of the Appeal Brief is believed to not be deficient, as alleged in item (5) of the Examiner's Answer, but rather, points to support in the originally filed specification for the limitations of those claims.

Further, on pages 4 - 5 of the Examiner's Answer, the Examiner attempted to justify the rejection of claims 2 - 15 and 17 - 21 under 35 U.S.C. § 112, first paragraph, because, in part:

Examiner could not find any words like device, reflecting or electronic transaction or even a system including... in the original disclosure. . . . Further, Examiner could not find any words like device or electronic transaction cited in paragraphs 14 and 27 with reference to establishing a stored credit or having a first amount debited from the stored credit.

Appellant respectfully traverses the Examiner's requirement that the exact words "device" and "electronic transaction"

must be found in the specification. Rather, M.P.E.P. § 2163(I)(B) states, in part:

**While there is no *in haec verba* requirement, newly added claim limitations must be supported in the specification **through express, implicit, or inherent disclosure.** [emphasis added by Appellant]**

As such, M.P.E.P. § 2163(I)(B) acknowledges that there is no in haec verba requirement for written description. In haec verba, meaning "in these words", refers to incorporating the same words from one place to another. Thus, M.P.E.P. § 2163(I)(B) states that there is no requirement under 35 U.S.C. § 112, first paragraph, to use the same words in the claims and the specification. As such, Appellant respectfully disagrees with the suggestion in the Examiner's Answer that such "words" are necessary. Rather, M.P.E.P. § 2163(I)(B) states that the written description requirement is satisfied when newly added claim limitations are supported in the specification through express, implicit, or inherent disclosure. As discussed above, in connection with the support found in the Summary of the Claimed Invention, and also in the Appeal Brief filed on February 12, 2009, every limitation of Appellant's current claims are supported by the specification of the application, as originally filed. As such, Appellant has met the requirements of 35 U.S.C. § 112, first paragraph.

In particular, specifically discloses a financial card providing the same services offered in connection with debit and credit cards of today, while simultaneously disclosing that the advantageous services offered in connection with debit and credit cards of today involve the convenience provided by almost instantaneous authorizations using electronic dial up terminals [page 4 of the application, first paragraph], through online transactions [page 4 of the application, second paragraph] and through Internet transactions, in which the credit card has become the currency of choice [page 6 of the application, first full paragraph]. The instant application also fully disclosed a consumer making purchases with the financial card of the invention that are debited from the consumer's savings account established in a bank. Such disclosures explicitly and inherently support the "electronic transactions" limitations of Appellant's claims, without ever needing to say the word "electronic transaction. For example, the authorizations performed using electronic dial up terminals disclosed on page 4 of the originally filed application, first paragraph, are clearly "electronic transactions" (i.e., debiting, authorizing) performed using "a device for performing electronic transactions" (i.e., dial up terminal) between a retailer and the authorizing party (i.e., a financial institution including a device for performing electronic transactions).



For the foregoing reasons, among others, and for the reasons stated in the Appeal Briefs filed, Appellant's claims are supported by the specification of the instant application, as originally filed, and thus, satisfy the requirements of 35 U.S.C. § 112, first paragraph.

In item 5 on page 6 of the Examiner's Answer, claims 2 - 15 and 17 - 21 were alleged to be nonstatutory under 35 U.S.C. § 101, for not being tied to another statutory class or executing a transformation, because the Examiner's Answer did not give weight to the words "device" or "electronic transaction" because the Examiner did not find "words like device, computer, processor, electronic transaction or apparatus". As stated above, the written description requirement is not an *in heuc verba* requirement, meaning the exact words do not need to be found in the specification to provide support. Rather, the specification must include some form of explicit or inherent support for the claimed limitations.

As disclosed above, the limitations of Appellant's claims, including the limitations relating to the devices for performing electronic transactions, and the electronic transactions resulting therefrom, are, indeed, supported by

the specification of the instant application and satisfy the requirements of 35 U.S.C. § 112, first paragraph. Thus, they must be given patentable weight when considering whether the claimed invention constitutes statutory subject matter under 35 U.S.C. § 101. As stated in the Appeal Brief filed on February 12, 2009, Appellant's claims satisfy the requirements established under *In Re Bilski*, and thus, constitute statutory subject matter under 35 U.S.C. § 101.

The Examiner's Answer additionally alleged, in part:

Further, simply reciting a device for performing electronic transactions is not adequate, because the claim has to recite a specific device, i.e., a computer or processor or machine.

Appellant respectfully disagrees. A "device for performing electronic transactions" is not merely a recitation of any "device", but rather, also requires the device to have the necessary equipment and configuration to "for performing electronic transactions". A person cannot perform "electronic transactions". Rather a person can only perform manual or mental transactions. Only a machine can perform electronic transactions. Thus, the recitation of a "device for performing electronic transactions" requires and discloses a particular physical character and structure to the device that can only be performed by a machine (i.e., one that can perform

electronic transactions), and, thus, satisfies the "tied to a machine" prong of In re Bilski.

For the foregoing reasons, among others, and for the reasons set forth in the Appeal Brief, Appellant's claims are believed to constitute statutory subject matter under 35 U.S.C. § 101.

With regard to the rejections of the claims under 35 U.S.C. § 103(a) set forth on pages 6 - 14 of the Examiner's Answer, Appellant realleges, and incorporates herein by reference, the arguments made in its Appeal Brief of February 12, 2009.

In item (10) of the Examiner's Answer, entitled "Response to Arguments", the Examiner again details why the Examiner did not give patentable weight to certain limitation of Appellant's claims, including the limitations "a device for performing electronic transactions" and "an electronic transaction reflecting". As discussed fully hereinabove, and also in the Appeal Brief, Appellant's claim limitations are supported by the specification of the application, as originally filed, and satisfy the written description requirement of 35 U.S.C. § 112, first paragraph. To summarize, under M.P.E.P. § 2163, the written description requirement is satisfied if a person of ordinary skill in the art would understand the inventor to have been in possession

of the claimed invention from the description. Appellant's specification described an electronic system of electronic authorizations and online transactions and, further, set the basis of the present invention in that system. See, for example, page 6 of the originally filed application ("The general idea behind this patent application is to make available to a specific group of consumers a financial credit card that provides the services that existing debit and credit cards offer today..."). So, not only has the Appellant explicitly disclosed to a person of skill in this art a present system using electronic devices for performing electronic transactions, upon which system the present invention is based, but the person skilled in this art would already understand that the performance of authorizations, credits and debits in a credit/debit card system must necessarily include electronic devices for performing electronic transactions. Any person of today, having a credit or debit card, reading the specification of the instant application, would understand that the bank (in which it is disclosed that the customer has a savings account) performs the necessary authorizations, credits and debits using a device for performing electronic transactions.

Further, as described in depth in the Appeal Brief, the combination of cited references does not teach or suggest all

limitations of Appellant's claims. For example, in contrast to the argument made in item IIIB on pages 17 - 18 of the Examiner's Answer, In page 14 for instance, it is not obvious from a combination of ABA, Bonalle and Ambrose, that the consumer would be allowed to set interest rates for the consumer's account, because none of the three cited references teach or suggest, among other limitations, allowing the consumer to set the interest rates for the benefit of the same consumer. Although Bonalle discloses allowing the consumer to "choose" when "to implement" a bank set promotional rate or otherwise choose other bank set promotional offers, this is not the same as the consumer setting the rates for the consumers own account, which rates are returned to the consumers own account upon payment. In fact, other than when the promotional rate is instituted, the consumer of Bonalle cannot set the amount of the rate, etc., Further, outside the promotional period of Bonalle, the consumer has no control over the bank applied rates in Bonalle.

For the foregoing reasons, among others, and for the reasons set forth in the Appeal Briefs, Appellant's claims are supported by the written description under 35 U.S.C. § 112, first paragraph, are statutory subject matter under 35 U.S.C. § 101, and are patentable over the cited art.

Appellant further realleges and incorporates herein the arguments made in its Appeal Briefs dated February 12, 2009 and December 9, 2008, as those arguments relate to claims 2, 15 and 22.

Based on the above given arguments the honorable Board is therefore respectfully urged to reverse the final rejection of the Primary Examiner.

Please charge any additional fees that might be due with respect to Sections 1.16 and 1.17 to the Deposit Account of Lerner Greenberg Sterner LLP, No. 12-1099.

Respectfully submitted,

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